



General Assembly

February Session, 2006

**Amendment**

LCO No. 4858

**\*HB0552204858HDO\***

Offered by:  
REP. FONTANA, 87<sup>th</sup> Dist.

To: Subst. House Bill No. 5522

File No. 244

Cal. No. 172

**"AN ACT CONCERNING ELECTRIC MARKET STRUCTURE."**

1 Strike lines 1 to 776, inclusive, and insert the following in lieu  
2 thereof:

3 "Section 1. Section 13a-126 of the 2006 supplement to the general  
4 statutes is repealed and the following is substituted in lieu thereof  
5 (*Effective from passage*):

6 As used in this section, "public service facility" includes all  
7 privately, publicly or cooperatively owned lines, facilities and systems  
8 for producing, transmitting or distributing communications, cable  
9 television, power, electricity, light, heat, gas, oil, crude products,  
10 water, steam, waste, storm water not connected with highway  
11 drainage and any other similar commodities, including fire and police  
12 signal systems and street lighting systems which directly or indirectly  
13 serve the public. Whenever the commissioner determines that any  
14 public service facility located within, on, along, over or under any land  
15 comprising the right-of-way of a state highway or any other public

16 highway when necessitated by the construction or reconstruction of a  
17 state highway shall be readjusted or relocated in or removed from such  
18 right-of-way, the commissioner shall issue an appropriate order to the  
19 company, corporation or municipality owning or operating such  
20 facility, and such company, corporation or municipality shall readjust,  
21 relocate or remove the same promptly in accordance with such order;  
22 provided an equitable share of the cost of such readjustment,  
23 relocation or removal, including the cost of installing and constructing  
24 a facility of equal capacity in a new location, shall be borne by the  
25 state, except that the state shall not bear any share of the cost of a  
26 project to readjust, relocate or remove any facility, as defined in  
27 subsection (a) of section 16-50i, as amended, used for transmitting  
28 electricity or as an electric trunkline, for an electric distribution  
29 company, as defined in section 16-1 of the 2006 supplement to the  
30 general statutes. The Department of Transportation shall evaluate the  
31 total costs of such a project, including department costs for  
32 construction or reconstruction and electric distribution company costs  
33 for readjusting, relocating or removing such facility, so as to minimize  
34 the overall costs incurred by the state and the electric distribution  
35 company. The electric distribution company may provide the  
36 department with proposed alternatives to the relocation, readjustment  
37 or removal proposed by the department and shall be responsible for  
38 any changes to project costs attributable to adoption of the company's  
39 proposed alternative designs for such project, including changes to the  
40 area of the relocation, readjustment or removal and any incremental  
41 costs incurred by the department to evaluate such alternatives. If such  
42 electric distribution company and the department cannot agree on a  
43 plan for such project, the Commissioner of Transportation and the  
44 chairperson of the Department of Public Utility Control shall, on  
45 request of the company, jointly determine the alternative for the  
46 project. Such equitable share, in the case of or in connection with the  
47 construction or reconstruction of any limited access highway, shall be  
48 the entire cost, less the deductions provided in this section, and, in the  
49 case of or in connection with the construction or reconstruction of any  
50 other state highway, shall be such portion or all of the entire cost, less

51 the deductions provided in this section, as may be fair and just under  
52 all the circumstances, but shall not be less than fifty per cent of such  
53 cost after the deductions provided in this section. In establishing the  
54 equitable share of the cost to be borne by the state, there shall be  
55 deducted from the cost of the readjusted, relocated or removed  
56 facilities a sum based on a consideration of the value of materials  
57 salvaged from existing installations, the cost of the original installation,  
58 the life expectancy of the original facility and the unexpired term of  
59 such life use. When any facility is removed from the right-of-way of a  
60 public highway to a private right-of-way, the state shall not pay for  
61 such private right-of-way, provided, when a municipally-owned  
62 facility is thus removed from a municipally-owned highway, the state  
63 shall pay for the private right-of-way needed by the municipality for  
64 such relocation. If the commissioner and the company, corporation or  
65 municipality owning or operating such facility cannot agree upon the  
66 share of the cost to be borne by the state, either may apply to the  
67 superior court for the judicial district within which such highway is  
68 situated, or, if said court is not in session, to any judge thereof, for a  
69 determination of the cost to be borne by the state, and said court or  
70 such judge, after causing notice of the pendency of such application to  
71 be given to the other party, shall appoint a state referee to make such  
72 determination. Such referee, having given at least ten days' notice to  
73 the parties interested of the time and place of the hearing, shall hear  
74 both parties, shall view such highway, shall take such testimony as  
75 such referee deems material and shall thereupon determine the  
76 amount of the cost to be borne by the state and immediately report to  
77 the court. If the report is accepted by the court, such determination  
78 shall, subject to right of appeal as in civil actions, be conclusive upon  
79 both parties.

80 Sec. 2. Section 16a-7c of the general statutes is amended by adding  
81 subsection (g) as follows (*Effective July 1, 2006*):

82 (NEW) (g) When evaluating submissions pursuant to subsection (f)  
83 of this section for a facility described in subdivision (3) of subsection  
84 (a) of section 16-50i that are in excess of twenty-five megawatts, the

85 board shall perform a net energy analysis for each proposal. Such  
86 analysis shall include all embodied energy requirements used in the  
87 materials for initial construction of the facility and over the useful  
88 lifetime of the facility. The analysis shall be expressed in a  
89 dimensionless unit as an energy profit ratio of energy generated by the  
90 facility to energy expended in plant construction, maintenance and  
91 total fuel cycle energy requirements over the useful lifetime of the  
92 facility. The boundary for both the fuel cycle and materials for the  
93 facility construction and maintenance shall be at both the point of  
94 primary material extraction and include, but not be limited to, such  
95 subsequent steps as transportation, refinement and energy for delivery  
96 to the end consumer. The results of said net energy analysis shall be  
97 included in the results forwarded to the Connecticut Siting Council  
98 pursuant to subsection (f) of this section. For purposes of this  
99 subsection, "net energy" means the heat energy contained in a fuel  
100 minus the energy used to extract the fuel from the environment, refine  
101 it to a socially useful state, and deliver it to consumers, and "embodied  
102 energy" means the total energy used to build and maintain a process,  
103 expressed in calorie equivalents of one type of energy.

104 Sec. 3. (NEW) (*Effective October 1, 2006*) On or after January 1, 2008,  
105 an electric generating facility in the state that is fueled by either oil or  
106 natural gas shall have dual fuel capacity.

107 Sec. 4. (*Effective from passage*) Not later than September 1, 2006, the  
108 Department of Public Utility Control shall conduct a contested case  
109 proceeding, in accordance with the provisions of chapter 54 of the  
110 general statutes, to analyze the appropriate number of linemen that are  
111 necessary for an electric distribution company to maintain, repair and  
112 extend its electric distribution lines under normal circumstances and  
113 under extraordinary circumstances, including, but not limited to,  
114 storm conditions. Not later than January 1, 2007, the department shall  
115 submit a report with the results of such analysis to the joint standing  
116 committee of the General Assembly having cognizance of matters  
117 relating to energy in accordance with the provisions of section 11-4a of  
118 the general statutes.

119 Sec. 5. Subsection (a) of section 16-19e of the general statutes is  
120 repealed and the following is substituted in lieu thereof (*Effective*  
121 *October 1, 2006*):

122 (a) In the exercise of its powers under the provisions of this title, the  
123 Department of Public Utility Control shall examine and regulate the  
124 transfer of existing assets and franchises, the expansion of the plant  
125 and equipment of existing public service companies, the operations  
126 and internal workings of public service companies and the  
127 establishment of the level and structure of rates in accordance with the  
128 following principles: (1) That there is a clear public need for the service  
129 being proposed or provided; (2) that the public service company shall  
130 be fully competent to provide efficient and adequate service to the  
131 public in that such company is technically, financially and  
132 managerially expert and efficient; (3) that the department and all  
133 public service companies shall perform all of their respective public  
134 responsibilities with economy, efficiency and care for the public safety,  
135 and so as to promote economic development within the state with  
136 consideration for energy and water conservation, energy efficiency and  
137 the development and utilization of renewable sources of energy and  
138 for the prudent management of the natural environment; (4) that the  
139 level and structure of rates be sufficient, but no more than sufficient, to  
140 allow public service companies to cover their operating costs  
141 including, but not limited to, appropriate staffing levels, and capital  
142 costs, to attract needed capital and to maintain their financial integrity,  
143 and yet provide appropriate protection to the relevant public interests,  
144 both existing and foreseeable which shall include, but not be limited  
145 to, reasonable costs of security of assets, facilities and equipment that  
146 are incurred solely for the purpose of responding to security needs  
147 associated with the terrorist attacks of September 11, 2001, and the  
148 continuing war on terrorism; (5) that the level and structure of rates  
149 charged customers shall reflect prudent and efficient management of  
150 the franchise operation; and (6) that the rates, charges, conditions of  
151 service and categories of service of the companies not discriminate  
152 against customers which utilize renewable energy sources or

153 cogeneration technology to meet a portion of their energy  
154 requirements.

155       Sec. 6. (*Effective from passage*) Not later than September 1, 2006, the  
156 Department of Public Utility Control shall conduct a contested case  
157 proceeding, in accordance with the provisions of chapter 54 of the  
158 general statutes, to determine the most efficacious way to notify the  
159 public regarding an electric power outage and the status of an electric  
160 distribution company's efforts to restore electricity to a particular area  
161 of the state. Not later than January 1, 2007, the department shall submit  
162 a report with the results of such proceeding to the joint standing  
163 committee of the General Assembly having cognizance of matters  
164 relating to energy in accordance with the provisions of section 11-4a of  
165 the general statutes.

166       Sec. 7. (*Effective from passage*) Not later than September 1, 2006, the  
167 Department of Public Utility Control and the Connecticut Siting  
168 Council shall conduct a contested case proceeding, in accordance with  
169 the provisions of chapter 54 of the general statutes, to analyze the  
170 current compliance status of electric generation facilities with on-site  
171 fuel storage requirements, to determine how much fuel storage is  
172 necessary to operate an electric generation facility at peak load for a  
173 forty-eight-hour period, and to analyze what on-site fuel storage  
174 resources are currently available in the state. Not later than January 1,  
175 2007, the department shall submit a report with the results of such  
176 proceeding to the joint standing committee of the General Assembly  
177 having cognizance of matters relating to energy in accordance with the  
178 provisions of section 11-4a of the general statutes.

179       Sec. 8. Section 16-32g of the general statutes is repealed and the  
180 following is substituted in lieu thereof (*Effective October 1, 2006*):

181       Not later than January 1, [1988] 2007, each electric or electric  
182 distribution company shall submit to the Department of Public Utility  
183 Control a plan for the maintenance of poles, wires, conduits or other  
184 fixtures, along public highways or streets for the transmission or

185 distribution of electric current, owned, operated, managed or  
186 controlled by such company, in such format as the department shall  
187 prescribe. Such plan shall include a summary of appropriate staffing  
188 levels necessary for the maintenance of said fixtures and a program for  
189 the trimming of tree branches and limbs located in close proximity to  
190 overhead electric wires where such branches and limbs may cause  
191 damage to such electric wires. The department shall review each plan  
192 and may issue such orders as may be necessary to ensure compliance  
193 with this section. The department may require each electric or electric  
194 distribution company to submit an updated plan at such time and  
195 containing such information as the department may prescribe. The  
196 department shall adopt regulations, in accordance with the provisions  
197 of chapter 54, to carry out the provisions of this section.

198 Sec. 9. (NEW) (*Effective October 1, 2006*) As used in sections 10 to 24,  
199 inclusive, of this act:

200 (1) "Energy improvement district distributed resources" means one  
201 or more of the following owned, leased, or financed by an Energy  
202 Improvement District Board: (A) Customer-side distributed resources,  
203 as defined in section 16-1 of the 2006 supplement to the general  
204 statutes; (B) grid-side distributed resources, as defined in said section  
205 16-1; (C) combined heat and power systems, as defined in said section  
206 16-1; and (D) Class III renewable energy sources, as defined in said  
207 section 16-1;

208 (2) "Project" means the acquisition, purchase, construction,  
209 reconstruction, improvement or extension of one or more of energy  
210 improvement district distributed resources.

211 Sec. 10. (NEW) (*Effective October 1, 2006*) (a) Any municipality may,  
212 by vote of its legislative body, establish an energy improvement  
213 district within such municipality. The affairs of any such district shall  
214 be administered by an Energy Improvement District Board. The  
215 members of any such board shall be appointed by the chief elected  
216 official of the municipality and shall serve for such term as the

217 legislative body may prescribe and until their successors are appointed  
218 and have qualified. Vacancies shall be filed by the chief elected official  
219 for the unexpired portion of the term. The members of each such board  
220 shall serve without compensation, except for necessary expenses.

221 (b) Not later than thirty days after a vote by a municipality to  
222 establish an energy improvement district, the chief elected official of  
223 the municipality shall notify each property owner of record by mail of  
224 said action. An owner may, not later than thirty days after receipt of  
225 said notice, record on the land records in the municipality its decision  
226 to participate in the energy improvement district and the provisions of  
227 sections 10 to 24, inclusive, of this act. Any owner of record, including  
228 any new owner of record, may rescind said decision at any time.

229 Sec. 11. (NEW) (*Effective October 1, 2006*) (a) An Energy  
230 Improvement District Board shall fund energy improvement district  
231 distributed resources in its district and shall prepare a comprehensive  
232 plan for the development and financing of such resources, except on  
233 state or federally owned properties, with a view to the increase and  
234 efficiency, reliability and the furtherance of commerce and industry in  
235 the energy improvement district. The board may lease or acquire office  
236 space and equip the same with suitable furniture and supplies for the  
237 performance of work of the board, and may employ such personnel as  
238 may be necessary for such performance. The board also shall have  
239 power to:

240 (1) Sue and be sued;

241 (2) Have a seal and alter the same;

242 (3) Confer with any body or official having to do with electric power  
243 distribution facilities within and without the district, and hold public  
244 hearings as to such facilities;

245 (4) Confer with electric distribution companies with reference to the  
246 development of electric distribution facilities in such district and the  
247 coordination of the same;



248 (5) Determine the location, type, size and construction of energy  
249 improvement district distributed resources, subject to the approval of  
250 any department, commission or official of the United States, the state  
251 or the municipality where federal, state or municipal statute or  
252 regulation requires it;

253 (6) Make surveys, maps and plans for, and estimates of the cost of,  
254 the development and operation of requisite energy improvement  
255 district distributed resources and for the coordination of such facilities  
256 with existing agencies, both public and private, with the view of  
257 increasing the efficiency of the electric distribution system in the  
258 district and in the furtherance of commerce and industry in the district;

259 (7) Make contracts and leases, loans and execute all instruments  
260 necessary or convenient to carry out their duties under the provision of  
261 this section, including the lending of proceeds of bonds issued in  
262 accordance with subdivision (9) of this section, to owners, lessees or  
263 occupants of facilities in the energy improvement district;

264 (8) Fix fees, rates, rentals or other charges for the purpose of all  
265 energy improvement district distributed resources owned by the  
266 Energy Improvements District Board and collect such fees, rates,  
267 rentals and other charges for such facilities owned by the board, which  
268 fees, rates, rentals or other charges shall be sufficient to comply with  
269 all covenants and agreements with the holders of any bonds issued  
270 pursuant to section 12 of this act;

271 (9) Operate and maintain all energy improvement district  
272 distributed resources owned or leased by the board and use the  
273 revenues from such resources for the corporate purposes of the board  
274 in accordance with any covenants or agreements contained in the  
275 proceedings authorizing the issuance of bonds pursuant to section 12  
276 of this act;

277 (10) Accept gifts, grants, loans or contributions for the United States,  
278 the state or any agency or instrumentality of either of them, or a person  
279 or corporation, by conveyance, bequest or otherwise, and expend the

280 proceeds for any purpose of the board and, as necessary, contract with  
281 the United States, the state or any agency or instrumentality of either  
282 of them, to accept gifts, grants, loans or contributions on such terms  
283 and conditions as may be provided by the law authorizing the same;

284 (11) Maintain staff to promote and develop the movement of  
285 commerce through the energy improvement district; and

286 (12) Use the officers, employees, facilities and equipment of the  
287 municipality, with the consent of the municipality, and pay a proper  
288 portion of the compensation or cost.

289 (b) Nothing in the provisions of sections 9 to 24 of this act shall be  
290 construed to authorize an Energy Improvement District to:

291 (1) Be an electric distribution company, as defined in section 16-1 of  
292 the 2006 supplement to the general statutes, or provide electric  
293 distribution or electric transmission services, as defined in said section  
294 16-1, or own or operate assets to provide such services;

295 (2) Be a municipal electric utility, as defined in section 7-233 of the  
296 2006 supplement to the general statutes, or provide the services of a  
297 municipal electric utility;

298 (3) Sell electricity to persons or entities in its municipality outside of  
299 the Energy Improvement District;

300 (4) Undertake any authority or jurisdiction granted by the general  
301 states to the Connecticut Siting Council, the Department of Public  
302 Utility Control, or any other state agency, or to undertake any actions  
303 under the jurisdiction of any federal agency; or

304 (5) Acquire property by eminent domain.

305 Sec. 12. (NEW) (*Effective October 1, 2006*) (a) An Energy  
306 Improvement District Board may, from time to time, issue bonds  
307 subject to the approval of the legislative body in the municipality in  
308 which the energy improvement district is located, for the purpose of

309 paying all or any part of the cost of acquiring, purchasing,  
310 constructing, reconstructing, improving or extending any energy  
311 improvement district distributed resources project and acquiring  
312 necessary land and equipment thereof, or for any other authorized  
313 purpose of the board. The board may issue such types of bonds as it  
314 may determine, including, but not limited to, bonds payable as to  
315 principal and interest: (1) From its revenues generally; (2) exclusively  
316 from the income and revenues of a particular project; or (3) exclusively  
317 from the income and revenues of certain designated projects, whether  
318 or not they are financed in whole or in part from the proceeds of such  
319 bonds. Any such bonds may be additionally secured by a pledge of  
320 any grant or contribution from a participating municipality, the state  
321 or any political subdivision, agency or instrumentality thereof, any  
322 federal agency or any private corporation, copartnership, association  
323 or individual, or a pledge of any income or revenues of the board, or a  
324 mortgage on any project or other property of the board, provided such  
325 pledge shall not create any liability on the entity making such grant or  
326 contribution beyond the amount of such grant or contribution.  
327 Whenever and for so long as any board has issued and has  
328 outstanding bonds, the board shall fix, charge and collect rates, rents,  
329 fees and other charges in accordance with section 14 of this act. Neither  
330 the members of the board nor any person executing the bonds shall be  
331 liable personally on the bonds by reason of the issuance thereof. The  
332 bonds and other obligations shall so state on the face, shall not be a  
333 debt of the state or any political subdivision thereof, except when the  
334 board or a participating municipality which in accordance with section  
335 21 of this act has guaranteed payment of principal and of interest on  
336 the same, and no person other than the board or such a public body  
337 shall be liable thereon, nor shall such bonds or obligations be payable  
338 out of any funds or properties other than those of the board or such a  
339 participating municipality. Such bonds shall not constitute an  
340 indebtedness within the meaning of any statutory limitation on the  
341 indebtedness of any participating municipality. Bonds of the board are  
342 declared to be issued for an essential public and governmental  
343 purpose. In anticipation of the sale of such revenue bonds the board

344 may issue negotiable bond anticipation notes and may renew the same  
345 from time to time, but the maximum maturity of any such note,  
346 including renewals thereof, shall not exceed five years from the date of  
347 issue of the original note. Such notes shall be paid from any revenues  
348 of the board available therefor and not otherwise pledged, or from the  
349 proceeds of sale of the revenue bonds of the Energy Improvement  
350 District Board in anticipation of which they were issued. The notes  
351 shall be issued in the same manner as the revenue bonds. Such notes  
352 and the resolution or resolutions authorizing the same may contain  
353 any provisions, conditions or limitations which a bond resolution of  
354 the board may contain.

355 (b) An Energy Improvement District Board may issue bonds as  
356 serial bonds or as term bonds, or both. Bonds shall be authorized by  
357 resolution of the members of the authority and shall bear such date or  
358 dates, mature at such time or times, not exceeding twenty years from  
359 their respective dates, bear interest at such rate or rates, or have  
360 provisions for the manner of determining such rate or rates, payable at  
361 such time or times, be in such denominations, be in such form, either  
362 coupon or registered, carry such registration privileges, be executed in  
363 such manner, be payable in lawful money of the United States of  
364 America at such place or places, and be subject to such terms of  
365 redemption, as such resolution or resolutions may provide. The  
366 revenue bonds or notes may be sold at public or private sale for such  
367 price or prices as the Energy Improvement District Board shall  
368 determine. Pending preparation of the definitive bonds, the Energy  
369 Improvement District Board may issue interim receipts or certificates  
370 which shall be exchanged for such definitive bonds.

371 (c) Any resolution or resolutions authorizing any revenue bonds or  
372 any issue of revenue bonds may contain provisions, which shall be  
373 part of the contract with the holders of the revenue bonds to be  
374 authorized, as to: (1) Pledging all or any part of the revenues of a  
375 project or any revenue-producing contract or contracts made by the  
376 Energy Improvement District Board with any individual, partnership,  
377 corporation or association or other body, public or private, to secure

378 the payment of the revenue bonds or of any particular issue of revenue  
379 bonds, subject to such agreements with bondholders as may then exist;  
380 (2) the rentals, fees and other charges to be charged, and the amounts  
381 to be raised in each year thereby, and the use and disposition of the  
382 revenues; (3) the setting aside of reserves or sinking funds or other  
383 funds or accounts as the board may establish and the regulation and  
384 disposition thereof, including requirements that any such funds and  
385 accounts be held separate from or not be commingled with other funds  
386 of the board; (4) limitations on the right of the board or its agent to  
387 restrict and regulate the use of the project; (5) limitations on the  
388 purpose to which the proceeds of sale of any issue of revenue bonds  
389 then or thereafter to be issued may be applied and pledging such  
390 proceeds to secure the payment of the revenue bonds or any issue of  
391 the revenue bonds; (6) limitations on the issuance of additional bonds,  
392 the terms upon which additional bonds may be issued and secured,  
393 the refunding of outstanding bonds; (7) the procedure, if any, by which  
394 the terms of any contract with bondholders may be amended or  
395 abrogated, the amount of bonds the holders of which must consent  
396 thereto, and the manner in which such consent may be given; (8)  
397 limitations on the amount of moneys derived from the project to be  
398 expended for operating, administrative or other expenses of the board;  
399 (9) defining the acts or omissions to act that shall constitute a default in  
400 the duties of the board to holders of its obligations and providing the  
401 rights and remedies of such holders in the event of a default; (10) the  
402 mortgaging of a project and the site thereof for the purpose of securing  
403 the bondholder; and (11) provisions for the execution of  
404 reimbursement agreements or similar agreements in connection with  
405 credit facilities, including, but not limited to, letters of credit or policies  
406 of bond insurance, remarketing agreements and agreements for the  
407 purpose of moderating interest rate fluctuations.

408 (d) If any member whose signature or a facsimile of whose  
409 signature appears on any bonds or coupons ceases to be such member  
410 before delivery of such bonds, such signature or such facsimile shall  
411 nevertheless be valid and sufficient for all purposes the same as if he

412 had remained in office until such delivery. Notwithstanding the  
413 provisions of sections 10 to 24, inclusive, of this act, or any recitals in  
414 any bonds issued under the provisions of this section, all such bonds  
415 shall be deemed to be negotiable instruments under the provisions of  
416 the general statutes.

417 (e) Unless otherwise provided by the ordinance creating the Energy  
418 Improvement District Board, bonds may be issued under the  
419 provisions of this section, without obtaining the consent of the state or  
420 of any political subdivision thereof, and without any other proceedings  
421 or the happening of other conditions or things than those proceedings,  
422 conditions or things which are specifically required by sections 10 to  
423 24, inclusive, of this act.

424 (f) An Energy Improvement District Board may, out of any of any  
425 funds available to it, purchase its bonds or notes. The Energy  
426 Improvement District Board may hold, pledge, cancel or resell such  
427 bonds, subject to and in accordance with agreements with  
428 bondholders.

429 (g) An Energy Improvement District Board shall cause a copy of any  
430 bond resolutions adopted by it to be filed for public inspection in its  
431 office and in the office of the clerk of each participating municipality  
432 and may thereupon cause to be published at least once, in a newspaper  
433 published or circulating in each participating municipality, a notice  
434 stating the fact and date of such adoption and the places where such  
435 bond resolution has been so filed for public inspection and the date of  
436 the first publication of such notice and also stating that any action or  
437 proceeding of any kind or nature in any court questioning the validity  
438 or proper authorization of bonds provided for by the bond resolution,  
439 or the validity of any covenants, agreements or contracts provided for  
440 by the bond resolution, shall be commenced not later than twenty days  
441 after the first publication of such notice. If any such notice is published  
442 and if no action or proceeding question the validity or proper  
443 authorization of bonds provided for by the bond resolution referred to  
444 in such notice, or the validity of any covenants, agreements, contracts

445 provided for by the bond resolution is commenced or instituted not  
446 later than twenty days after the first publication of said notice, then all  
447 residents and taxpayers and owners of property in each participating  
448 municipality and all other persons shall be forever barred and  
449 foreclosed from instituting or commencing any action or proceeding in  
450 any court, or from pleading any defense to any action or proceeding,  
451 questioning the validity or proper authorization of such bonds, or the  
452 validity of such covenants, agreements or contracts, and said bonds,  
453 covenants, agreements and contracts shall be conclusively deemed to  
454 be valid and binding obligations in accordance with their terms and  
455 tenor.

456 (h) Notwithstanding any provision of the general statutes, (1) the  
457 state shall not have any liability or responsibility with regard to any  
458 obligation issued by the board, and (2) no political subdivision of the  
459 state shall have any liability or responsibility with regard to any  
460 obligation issued by the board except as expressly provided by  
461 sections 10 to 24, inclusive, of this act.

462 Sec. 13. (NEW) (*Effective October 1, 2006*) An Energy Improvement  
463 District Board may secure any bonds issued under the provisions of  
464 section 12 of this act by a trust indenture by way of conveyance, deed  
465 of trust or mortgage of any project or any other property of the board,  
466 whether or not financed in whole or in part from the proceeds of such  
467 bonds, or by a trust agreement by and between the board and a  
468 corporate trustee, which may be any trust company or bank having the  
469 powers of a trust company within or without the state or by both such  
470 conveyance, deed of trust or mortgage and indenture or trust  
471 agreement. Such trust indenture or agreement may pledge or assign  
472 any or all fees, rents and other charges to be received or proceeds of  
473 any contract or contracts pledged, and may convey or mortgage any  
474 property of the board. Such trust indenture or agreement may contain  
475 such provisions for protecting and enforcing the right and remedies of  
476 the bondholders as may be reasonable and proper and not in violation  
477 of law, including provisions that have been specifically authorized to  
478 be included in any resolution or resolutions of the board authorizing

479 the issue of bonds. Any bank or trust company incorporated under the  
480 laws of the state may act as depository of the proceeds of such bonds  
481 or of revenues or other moneys and may furnish such indemnifying  
482 bonds or pledge such securities as may be required by the board. Such  
483 trust indenture may set forth rights and remedies of the bondholders  
484 and of the trustee, and may restrict the individual right of action by  
485 bondholders. In addition to the foregoing, such trust indenture or  
486 agreement may contain such other provisions as the board may deem  
487 reasonable and proper for the security of the bondholders. All  
488 expenses incurred in carrying out the provisions of such trust  
489 indenture or agreement may be treated as part of the cost of a project.

490 Sec. 14. (*Effective October 1, 2006*) (a) An Energy Improvement  
491 District Board may fix, revise, charge and collect rates, rents, fees and  
492 charges for the use of and for the services furnished or to be furnished  
493 by each project and to contract with any person, partnership,  
494 association or corporation, or other body, public or private, in respect  
495 thereof. Such rates, rents, fees and charges shall be fixed and adjusted  
496 in respect of the aggregate of rates, rents, fees and charges from such  
497 project so as to provide funds sufficient with other revenues, if any, (1)  
498 to pay the cost of maintaining, repairing and operating the project and  
499 each and every portion thereof, to the extent that the payment of such  
500 cost has not otherwise been adequately provided for, (2) to pay the  
501 principal of and the interest on outstanding revenue bonds of the  
502 board issued in respect of such project as the same shall become due  
503 and payable, and (3) to create and maintain reserves required or  
504 provided for in any resolution authorizing, or trust agreement  
505 securing, such revenue bonds of the board. Such rates, rents, fees and  
506 charges shall not be subject to supervision or regulation by any  
507 department, commission, board, body, bureau or agency of this state  
508 other than the board. A sufficient amount of the revenues derived in  
509 respect of a project, except such part of such revenues as may be  
510 necessary to pay the cost of maintenance, repair and operation and to  
511 provide reserves and for renewals, replacements, extensions,  
512 enlargements and improvements as may be provided for in the



513 resolution authorizing the issuance of any revenue bonds of the board  
514 or in the trust agreement securing the same, shall be set aside at such  
515 regular intervals as may be provided in such resolution or trust  
516 agreement in a sinking or other similar fund which is hereby pledged  
517 to, and charged with, the payment of the principal of and the interest  
518 on such revenue bonds as the same shall become due, and the  
519 redemption price or the purchase price of bonds retired by call or  
520 purchase as therein provided. Such pledge shall be valid and binding  
521 from the time when the pledge is made; the rates, rents, fees and  
522 charges and other revenues or other moneys so pledged and thereafter  
523 received by the board shall immediately be subject to the lien of any  
524 such pledge, without any physical delivery thereof or further act, and  
525 the lien of any such pledge shall be valid and binding as against all  
526 parties having claims of any kind in tort, contract or otherwise against  
527 the board, irrespective of whether such parties have notice thereof.  
528 Neither the resolution nor any trust indenture or agreement by which  
529 a pledge is created need be filed or recorded except in the records of  
530 the board. The use and disposition of moneys to the credit of such  
531 sinking or other similar fund shall be subject to the provisions of the  
532 resolution authorizing the issuance of such bonds or of such trust  
533 agreement. Except as may otherwise be provided in such resolution or  
534 such trust indenture or agreement, such sinking or other similar fund  
535 shall be a fund for all revenue bonds issued to finance a project of such  
536 board without distinction or priority of one over another.

537 (b) All moneys received by the board pursuant to sections 10 to 24,  
538 inclusive, of this act, whether as proceeds from the sale of bonds or as  
539 revenues, shall be deemed to be trust funds to be held and applied  
540 solely as provided pursuant to this section.

541 Sec. 15. (*Effective October 1, 2006*) Any holder of bonds, notes,  
542 certificates or other evidences of borrowing issued under the  
543 provisions of section 12 of this act, or of any of the coupons  
544 appertaining thereto, and the trustee under any trust indenture or  
545 agreement, except to the extent the right may be restricted by such  
546 trust indenture or agreement, may, either at law or in equity, by suit,

547 action, injunction, mandamus or other proceedings, protect and  
548 enforce any and all rights under the provisions of the general statutes  
549 or granted by sections 10 to 24, inclusive, of this act, or under such  
550 trust indenture or agreement or the resolution authorizing the issuance  
551 of such bonds, notes or certificates, and may enforce and compel the  
552 performance of all duties required by said section or by such trust  
553 indenture or agreement or solution to be performed by the Energy  
554 Improvement District Board or by any officer or agent thereof,  
555 including the fixing, charging and collection of fees, rents and other  
556 charges.

557       Sec. 16. (NEW) (*Effective October 1, 2006*) An Energy Improvement  
558 District Board, in the exercise of its powers granted pursuant to  
559 sections 10 to 24, inclusive, of this act, shall be for the benefit of the  
560 inhabitants of the state, for the increase of their commerce and for the  
561 promotion of their safety, health, welfare, convenience and prosperity,  
562 and as the operation and maintenance of any project which the board  
563 is authorized to undertake constitute the performance of an essential  
564 governmental function, no board shall be required to pay any taxes or  
565 assessments upon any project acquired and constructed by it under the  
566 provisions of said sections. The bonds, notes, certificates or other  
567 evidences of debt issued under the provisions of section 12 of this act,  
568 their transfer and the income therefrom, including any profit made on  
569 the sale thereof, shall at all times be free and exempt from taxation by  
570 the state and by any political subdivision thereof.

571       Sec. 17. (NEW) (*Effective October 1, 2006*) Bonds issued by an Energy  
572 Improvement District Board pursuant to section 12 of this act, shall be  
573 securities in which all public officers and public bodies of the state and  
574 its political subdivisions, all insurance companies, trust companies,  
575 banking associations, investment companies and executors,  
576 administrators, trustees and other fiduciaries may properly and legally  
577 invest funds, including capital in their control or belonging to them.  
578 Such bonds shall be securities that may properly and legally be  
579 deposited with and received by any state or municipal officer or any  
580 agency or political subdivision of the state for any purpose for which

581 the deposit of bonds or obligations is now or may hereafter be  
582 authorized by law.

583       Sec. 18. (NEW) (*Effective October 1, 2006*) A municipality may, by  
584 ordinance, and any other governmental unit shall, without any  
585 referendum or public or competitive bidding, and any person may sell,  
586 lease, lend, grant or convey to an Energy Improvement District Board,  
587 or to permit a board to use, maintain or operate as part of any  
588 distributed resource facility, any real or personal property that may be  
589 necessary or useful and convenient for the purposes of the board and  
590 accepted by the board. Any such sale, lease, loan, grant, conveyance or  
591 permit may be made or given with or without consideration and for a  
592 specified or an unlimited period of time and under any agreement and  
593 on any terms and conditions that may be approved by such  
594 municipality, governmental unit or person and that may be agreed to  
595 by the board in conformity with its contract with the holders of any  
596 bonds. Subject to any such contracts with the holders of bonds, the  
597 board may enter into and perform any and all agreements with respect  
598 to property so purchased, leased, borrowed, received or accepted by it,  
599 including agreements for the assumption of principal or interest or  
600 both of indebtedness of such municipality, governmental unit or  
601 person or of any mortgage or lien existing with respect to such  
602 property or for the operation and maintenance of such property as part  
603 of any energy improvement district distributed resources facility.

604       Sec. 19. (NEW) (*Effective October 1, 2006*) A municipality,  
605 governmental unit or person may enter into and perform any lease or  
606 other agreement with any Energy Improvement District Board for the  
607 lease or other agreement with any municipality, governmental unit or  
608 person of all or any part of any energy improvement district  
609 distributed resource facility or facilities. Any such lease or other  
610 agreement may provide for the payment to the board by such  
611 municipality, governmental unit or person, annually or otherwise, of  
612 such sum or sums of money, computed at fixed amount or by any  
613 formula or in any other manner, as may be so fixed or computed. Any  
614 such lease or other agreement may be made and entered into for a

615 term beginning currently or at some future or contingent date and  
616 with or without consideration and for a specified or unlimited time  
617 and on any terms and conditions which may be approved by such  
618 municipality, governmental unit or person and which may be agreed  
619 to by the board in conformity with its contract with the holders of any  
620 bonds, and shall be valid and binding on such municipality,  
621 governmental unit or person whether or not an appropriation is made  
622 thereby prior to authorization or execution of such lease or other  
623 agreement. Such municipality, governmental unit or person shall do  
624 all acts and things necessary, convenient or desirable to carry out and  
625 perform any such lease or other agreement entered into by it and to  
626 provide for the payment or discharge of any obligation thereunder in  
627 the same manner as other obligations of such municipality,  
628 governmental unit or person.

629       Sec. 20. (NEW) (*Effective October 1, 2006*) For the purpose of aiding  
630 an Energy Improvement District Board, a municipality, by ordinance  
631 or by resolution of its legislative body, shall have power from time to  
632 time and for such period and upon such terms, with or without  
633 consideration, as may be provided by such resolution or ordinance and  
634 accepted by the board, (1) to appropriate moneys for the purposes of  
635 the board, and to loan or donate such money to the board in such  
636 installments and upon such terms as may be agreed upon with the  
637 board, (2) to covenant and agree with the board to pay to or on the  
638 order of the board annually or at shorter intervals as a subsidy for the  
639 promotion of its purposes not more than such sums of money as may  
640 be stated in such resolution or ordinance or computed in accordance  
641 therewith, (3) upon authorization by it in accordance with law of the  
642 performance of any act or thing which it is empowered by law to  
643 authorize and perform and after appropriation of the moneys, if any,  
644 necessary for such performance, to covenant and agree with the board  
645 to do and perform such act or thing and as to the time, manner and  
646 other details of its doing and performance, and (4) to appropriate  
647 money for all or any part of the cost of acquisition or construction of  
648 such facility, and, in accordance with the limitations and any

649 exceptions thereto and in accordance with procedure prescribed by  
650 law, to incur indebtedness, borrow money and issue its negotiable  
651 bonds for the purpose of financing such distributed resource facility  
652 and appropriation, and to pay the proceeds of such bonds to the board.

653       Sec. 21. (NEW) (*Effective October 1, 2006*) For the purpose of aiding  
654 an Energy Improvement District Board in the planning, undertaking,  
655 acquisition, construction or operation of any distributed resource  
656 facility, a participating municipality may, pursuant to resolution  
657 adopted by its legislative body in the manner provided for adoption of  
658 a resolution authorizing bonds of such municipality and with or  
659 without consideration and upon such terms and conditions as may be  
660 agreed to by and between the municipality and the board,  
661 unconditionally guarantee the punctual payment of the principal of  
662 and interest on any bonds of the board and pledge the full faith and  
663 credit of the municipality to the payment thereof. Any guarantee of  
664 bonds of the board made pursuant to this section shall be evidenced by  
665 endorsement thereof on such bonds, executed in the name of the  
666 municipality and on its behalf by such officer thereof as may be  
667 designated in the resolution authorizing such guaranty, and such  
668 municipality shall thereupon and thereafter be obligated to pay the  
669 principal of and interest on said bonds in the same manner and to the  
670 same extent as in the case of bonds issued by it. As part of the  
671 guarantee of the municipality for payment of principal and interest on  
672 the bonds, the municipality may pledge to and agree with the owners  
673 of bonds issued under this chapter and with those persons who may  
674 enter into contracts with the municipality or the board or any  
675 successor agency pursuant to the provisions of this chapter that it will  
676 not limit or alter the rights thereby vested in the bond owners, the  
677 board or any contracting party until such bonds, together with the  
678 interest thereon, are fully met and discharged and such contracts are  
679 fully performed on the part of the municipality or the board, provided  
680 nothing in this subsection shall preclude such limitation or alteration if  
681 and when adequate provisions shall be made by law for the protection  
682 of the owners of such bonds of the municipality or the board or those

683 entering into such contracts with the municipality or the board. The  
684 board is authorized to include this pledge and undertaking for the  
685 municipality in such bonds or contracts. To the extent provided in  
686 such agreement or agreements, the obligations of the municipality  
687 thereunder shall be obligatory upon the municipality and the  
688 inhabitants and property thereof, and thereafter the municipality shall  
689 appropriate in each year during the term of such agreement, and there  
690 shall be available on or before the date when the same are payable, an  
691 amount of money that, together with other revenue available for such  
692 purpose, shall be sufficient to pay such principal and interest  
693 guaranteed by it and payable thereunder in that year, and there shall  
694 be included in the tax levy for each such year in an amount that,  
695 together with other revenues available for such purpose, shall be  
696 sufficient to meet such appropriation. Any such agreement shall be  
697 valid, binding and enforceable against the municipality if approved by  
698 action of the legislative body of such municipality. Any such guaranty  
699 of bonds of the board may be made, and any resolution authorizing  
700 such guaranty may be adopted, notwithstanding any statutory debt or  
701 other limitations, but the principal amount of bonds so guaranteed  
702 shall, after their issuance, be included in the gross debt of such  
703 municipality for the purpose of determining the indebtedness of such  
704 municipality under subsection (b) of section 7-374 of the general  
705 statutes. The principal amount of bonds so guaranteed and included in  
706 gross debt shall be deducted and is declared to be and to constitute a  
707 deduction from such gross debt under and for all the purposes of said  
708 subsection (b) of section 7-374, (1) from and after the time of issuance  
709 of said bonds until the end of the fiscal year beginning next after the  
710 completion of acquisition and construction of the distributed resource  
711 facility to be financed from the proceeds of such bonds, and (2) during  
712 any subsequent fiscal year if the revenues of the board in the preceding  
713 fiscal year are sufficient to pay its expenses of operation and  
714 maintenance in such year and all amounts payable in such year on  
715 account of the principal and interest on all such guaranteed bonds, all  
716 bonds of the municipality issued as provided in this section and all  
717 bonds of the Energy Improvement District Board issued under section

718 12 of this act.

719 Sec. 22. (NEW) (*Effective October 1, 2006*) Any lease or other  
720 agreement, and any instruments making or evidencing the same, may  
721 be pledged or assigned by the board to secure its bonds and thereafter  
722 may not be modified except as provided by the terms of such  
723 instrument or by the terms of such pledge or assignment.

724 Sec. 23. (NEW) (*Effective October 1, 2006*) All property of an Energy  
725 Improvement District Board shall be exempt from levy and sale by  
726 virtue of an execution and no execution or other judicial process shall  
727 issue against the same nor shall any judgment against the board be a  
728 charge or lien upon its property, provided nothing in this section shall  
729 apply to or limit the rights of the holder of any bonds to pursue any  
730 remedy for the enforcement of any pledge or lien given by the board  
731 on its facility revenues or other moneys.

732 Sec. 24. (NEW) (*Effective October 1, 2006*) An Energy Improvement  
733 District Board and the municipality in which any property of the board  
734 is located may enter into agreements with respect to the payment by  
735 the board to such municipality of annual sums of money in lieu of  
736 taxes on such property in such amount as may be agreed upon  
737 between the board and the municipality. The board may make, and the  
738 municipality may accept, such payments and apply them in the  
739 manner in which taxes may be applied in such municipality, provided  
740 no such annual payment with respect to any parcel of such property  
741 shall exceed the amount of taxes paid thereon for the taxable year  
742 immediately prior to the time of its acquisition by the board."